

April 4, 1955  
Opinion No. 55-73

REQUESTED BY: Mr. D. O. Saunders, Superintendent of Banks  
State Banking Department  
State House, Phoenix, Arizona

OPINION BY: ROBERT MORRISON, The Attorney General  
Newman W. White, Special Assistant  
Attorney General

QUESTION: Under the provisions of Section 51-817,  
A.C.A., 1939, may a small loan licensee  
make a loan for a period of less than five  
months?

CONCLUSION: A small loan licensee may not make a loan  
for a period of less than five months or  
more than twenty months.

"51-817. Industrial lenders' plan--Maximum  
charges.-- \* \* \*

The borrower has the privilege of repayment  
in approximately equal weekly or monthly in-  
stalments of principal during not less than five  
(5) months or more than twenty (20) months, and  
to anticipate payment on principal in advance of  
agreed dates and terminate further charges on  
such sums paid;

\* \* \* \* \*

That the charges for the making and use of  
such loan be computed upon the unpaid balance  
of principal, for the actual time due and not  
be payable in advance, or compounded.

A money-lender shall not charge or receive an  
additional sum for preparing a loan application,  
for investigating the credit of an applicant or  
of his guarantor, for appraising any chattels  
offered as security, for examining public re-  
cords of liens or encumbrances, or otherwise  
for services, expenses, brokerage or fines,  
whether a loan is granted or not, except the  
lawful fees actually and necessarily paid out  
by the licensee to a public officer, for filing  
or recording in a public office, or for acknow-

Mr. D. O. Saunders  
Superintendent of Banks

April 4, 1955  
Page Two

ledging, the instrument securing the loan. If greater aggregate charges be collected or received on any loan than the maximum charges authorized hereby, such loans shall be usurious."

The wording of the above-quoted portions of Section 51-817 is plain and unambiguous. The borrower has the privilege of repayment on the principal during not less than five months, nor more than twenty months, and to anticipate payment on principal in advance of agreed dates and terminate charges on such sums paid.

It is the opinion of this office that a small loan licensee may not make a loan for a period of less than five months nor more than twenty months. The borrower may repay the principal at any time and terminate further charges.

ROBERT MORRISON  
The Attorney General

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55-73